

VICTOR KHANYE LOCAL MUNICIPALITY



EXECUTIVE SUMMARY

2017/2018

Final Budget

A. MUNICIPAL ENTITIES / EXTERNAL MECHANISMS

The Municipality does not make use of any entities or external mechanisms for services delivery within the municipal area.

B. FINANCIAL AND SERVICE DELIVERY IMPLICATIONS

The 2017/2018 operational budget increases with 14,6 %.

During the year under review, the Council will maintain all municipal services as per the approved tariff structure of the municipality. Tariffs were determined for all the municipal services as reflected in the tariff policy and to such an effect that it is based on cost recovery as far as possible. In the case of those services, on which a shortfall is recorded, said shortfall will be financed through property rates. In the case of shortfalls due to the implementation of the indigent policy, these shortfalls are recovered from the equitable share.

Attached to the budget document are the relevant budget tables as required by the Municipal Budget and Reporting Regulations (Gazette no 32141 dated 17 April 2009).

During the budget year no transfer will be made in terms of Section 12 of the Municipal Finance Management Act, no 56 of 2003.

C. CONCOLIDATED FINANCIAL POSITION AND MTREEF

Operating Budget (OPEX)	-	R 460 266 741
Less: Depreciation	-	(R 25 363 636)
Debt impairment	-	(R 35 342 651)
Operating Budget (Opex)	-	R 399 560 454
Capital Budget (CAPEX)	-	R 78 630 607

Total Budget Tabled (Excluding non-cash items)	-	<u>R 478 191 061</u>
Total Budget Tabled (Including non-cash items)	-	<u>R 538 897 348</u>
Revised budget 2016/2017:	R 455 082 957	Surplus: R 6 390
Tabled budget 2017/2018 (Excluding non-cash items):	R 487 633 800	Surplus: 60 706 287
Tabled budget 2017/2018 (Including non-cash items):	R 548 340 087	Surplus: R 12 811

Percentage increase: 14,6 % (Budget to Budget).

Refer to paragraph A for an explanation on budget increase.

Expenditure breakup:

	<u>R,000</u>	
- Employee related costs	143 451	30,9%
- Councilor remuneration	8 198	1,76%
- Debt impairment	35 342	7,6%
- Provision for depreciation	25 363	5,45%
- Finance charges	1 599	0,34%
- Bulk purchases	145 953	31,39%
- Repair & Maintenance	10 737	2,31%
- General expenditure	40 779	8,77 %
- Contributions to Capital	<u>4 714</u>	1,01%
Total	<u>464 981</u>	

Revenue breakup:

	<u>R'000</u>	
- Property Rates	73 029	15,55%
- Electricity revenue	157 960	33,62%
- Water revenue	44 238	9,41%
- Sanitation revenue	12 703	2,70%
- Refuse revenue	14 704	3,13%
- License & permits	2 370	0,50%
- Interest revenue (Debtors)	29 355	6,25%
- Interest revenue (Investments)	1 397	0,29%
- Rental of facilities	2 658	0,57%
- Other revenue	<u>131 295</u>	27,95%
Total	<u>469 709</u>	

Operational Budget:

Own funding	-	389 858 869	(83 %)
External funding	-	79 850 611	(17 % - Grants)

Total Capital Budget:

Own funding	-	4 714 964	(6 %)
External funding	-	60 926 000	(77 %)
District funding	-	12 989 643	(17 %)

Projects included in operating budget

Ward committees	-	220 662
Community Development Projects	-	1 750 000
Communication unit	-	300 000
Youth development	-	1 000 000
Strategic planning	-	500 000
Revision of plans (IDP/SDP)	-	500 000

Tariff increases (Avg.)

All tariffs - 10-13%

Overall increase/effect on an average account: 12%

Flat rates:

Special indigents with no income	=	R0 p/m + actual consumption
Registered Indigents < R3000	=	R136, 53 p/m + actual consumption

Free basic services

6kl water per month to all indigent registered households.

50 kWh electricity per month to all households.

D. CAPITAL PROGRAM

Sources of finances:

MIG – Municipal Infrastructure Grant	-	25 286 000	
INEP- ESKOM	-	375 000	
RBIG – Regional Bulk Infrastructure Grant	-	30 265 000	
DOE – Department of Energy	-	5 000 000	
NDM – Nkangala District Municipality- Operating funding (Own funds)	12 989 643		
	-	<u>4 714 964</u>	
Total	-	<u>78 630 607</u>	
Own funding	-	4 714 964	(6 %)
External funding	-	73 915 643	(94 %)

Capital Projects:

Executive & Council	-	30,000	
Municipal Management	-	74,964	
Budget & Treasury	-	200,000	
Corporate Services	-	170,000	
Public safety	-	550,000	
Waste Management Solid Waste	-	3,690,000	
Waste Management Sanitation	-	40,765,000	
Parks, sport & recreation	-	1,000,000	
Roads & Transport	-	9,500,000	
Water services	-	1,022,000	
Electricity services	-	8,264,000	
Various District Municipality projects	-	<u>12,989,643</u>	
Total	-	<u>78 630 607</u>	

E. MUNICIPAL SERVICES DELIVERY PRIORITIES AND OVERVIEW OF ALIGNMENT WITH THE INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan of the municipality consists of several issues raised which is summarized under the following five KPA's:

1. Basic Service Delivery
2. Local Economic Development
3. Municipal Financial Viability and Management
4. Municipal Institution Development and Transformation
5. Good Governance and Community Participation

Basic Service Delivery

It remains a priority for the Victor Khanye Local Municipality to provide clean potable water to the community. The municipality will continue to do so and will provide water for new developments. In conjunction with the upgrades to the water infrastructure, sanitation will be improved to cater for the increase in the demand and the growth of Victor Khanye.

Electrification to households will be alleviated as the INEP (Electrification Grant) has been increased which makes it possible for the Municipality to address the backlog. Provision was made in the Capital Program.

With regards to other municipal services, substantial provision was made for the overall improvement of the roads network. As funding sources for these needs as identified in the Integrated Development Plan (IDP), Council will utilize the municipal infrastructure grant (MIG) as well as a contribution from the Nkangala District Municipality.

The budget was drafted with reference to the Integrated Development Plan of the municipality and reference is made via the Capital Program to the IDP.

Local Economic Development

Provision was made under vote : Executive & Council for local economic development as an expenditure item. Programs as identified in the IDP will be funded from these provisions.

Municipal Financial Viability and Management

Revenue enhancement projects which includes meter reading equipment, debt collection strategies as well as the implementation of a revenue enhancement strategy. Provision was made via the relevant votes in the budget.

Municipal Institution Development and Transformation

Provisions were made for an employee wellness program as well as the training of officials in order to comply with the competency regulations.

Good Governance and Community Participation

In order to comply with the requirement of good governance, Council approved provisions for the review and update of policies and by-laws. Risk assessments were performed and forms the basis for the internal audit plan. Council make use of a shared internal audit committee with the Nkangala District Municipality. MPAC was established and maintained.

With regards to public participation, Council made provision under the vote: Executive & Council for several community outreach programs as well as the upheld of a well established ward committee system.
